GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3338
ANSWERED ON:05.08.2016
NSEL Scam
Singh Dr. Prabhas Kumar

Will the Minister of FINANCE be pleased to state:

(a) the reason for not tracing full money trail of entire amount in National Spot Exchange Limited (NSEL) scam cases on priority;

(b) the details of defaulters and brokers to whom the money had gone along with the sources of the money;

(c) whether there are plans to attach accounts and properties of the defaulters and if so, the details thereof; and

(d) whether any action is taken against bungling of the funds, if so, the details thereof and if not, the reasons therefor?

Answer

SHRI ARJUN RAM MEGHWAL
Minister of State in the Ministry of Finance

a) The Directorate of Enforcement is conducting investigations under the provisions of Prevention of Money Laundering Act, 2002 (PMLA) in the payment and settlement crisis case of National Spot Exchange Limited (NSEL).
The Government of Maharashtra had appointed two Forensic Auditors viz. M/s Chetan Dalal Investigation & Management Services and M/s US Gandhi & Co. by issuing notification dated 28.09.2015 in order to assist the Economic Offences Wing of Mumbai Police in the investigation of NSEL payment and settlement crisis case. These two forensic auditors initially rendered their assistance in the investigation and prepared money trail of some of the accused borrowers. However, owing to pending issue of remuneration they have paused their audit work. A proposal to disburse their remuneration from the auction proceeds in this case has been submitted in the MPID Court. The Investors' organisations have submitted their no objection to the Court for the disbursal of amount from the auction proceeds. Money trail in the NSEL case is expected to be completed after the proposal is approved.

(b) The details of defaulters and brokers to whom money had gone are as at Annexure-I. The entire amount which is gone to the defaulters and brokers belong to about 13000 investors.

(c) The Government of Maharashtra has issued five gazette notifications in respect of the attachment of properties and bank as well as Demat accounts of the accused persons under the provisions of Maharashtra Protection of Interest of Depositors (In Financial Establishments) Act, 1999 (MPID Act) in this case. The total value of such attached properties is Rs. 6064 crore.
Further, assets worth Rs. 836.98 crores have been attached by the Directorate of Enforcement under PMLA. There are plans to attach more properties identified as proceeds of crime.

(d) During the course of investigation by the Economic Offences Wing of Mumbai Police (EoW), 31 accused persons have been arrested by EoW. Out of these accused, 6 are key management persons of NSEL, 3 are brokers and 22 are borrowers. Three charge sheets have been filed in the Court of Hon'ble Special Judge under MPID Act, City Civil and Sessions Court, Mumbai. Further investigation by EoW is still in progress.
In addition, a prosecution complaint has been filed on 30.03.2015 under PMLA before the Special PMLA Court, Mumbai against NSEL and 67 others.